

[TO BE PUBLISHED IN THE GAZETTE OF INDIA, EXTRAORDINARY, PART III, SECTION IV]

**Reserve Bank of India
Foreign Exchange Department
Central Office
Mumbai**

Notification No. FEMA. 395 (1)/2020-RB

June 15, 2020

Foreign Exchange Management (Mode of Payment and Reporting of Non-Debt Instruments) (Amendment) Regulations, 2020

In exercise of the powers conferred by Section 47 of the Foreign Exchange Management Act, 1999 (42 of 1999), the Reserve Bank of India hereby makes the following amendments to the Foreign Exchange Management (Mode of Payment and Reporting of Non-Debt Instruments) Regulations, 2019 [[Notification No. FEMA.395/2019-RB dated October 17, 2019](#)] (hereinafter referred to as ‘the Principal Regulations’) namely:-

1. Short Title & Commencement

- (i) These Regulations may be called the Foreign Exchange Management (Mode of Payment and Reporting of Non-Debt Instruments) (Amendment) Regulations, 2020.
- (ii) They shall come into force from the date of their publication in the [Official Gazette](#).

2. Amendment to Regulation 3.1 of the Principal Regulations

In Regulation 3.1 of the Principal Regulations-

- (i) The existing provision at Sl. No. II shall be substituted by the following, namely:

II. Schedule II (Investments by Foreign Portfolio Investors)	A. Mode of payment (1) The amount of consideration shall be paid as inward remittance from abroad through banking channels or out of funds held in a foreign currency account and/ or a Special Non-Resident Rupee (SNRR) account maintained in accordance with the Foreign Exchange Management (Deposit) Regulations, 2016. (2) Unless otherwise specified in these regulations or the relevant Schedules, the foreign currency account and SNRR account shall be used only and exclusively for transactions under this Schedule. B. Remittance of sale proceeds The sale proceeds (net of taxes) of equity instruments and units of REITs, InViTs and domestic mutual fund may be remitted outside India or credited to the foreign currency account or a SNRR account of the FPI.
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- (ii) The existing provision at para A (2) of Sl. No. VII shall be substituted by the following, namely:
 “Unless otherwise specified in these regulations or the relevant Schedules, the foreign currency account and SNRR account shall be used only and exclusively for transactions under this Schedule.”
- (iii) The existing provision at Sl. No. VIII shall be substituted by the following, namely:

<p>VIII. Schedule VIII (Investment by a person resident outside India in an Investment Vehicle)</p>	<p>A. Mode of payment:</p> <p>The amount of consideration shall be paid as inward remittance from abroad through banking channels or by way of swap of shares of a Special Purpose Vehicle or out of funds held in NRE or FCNR(B) account maintained in accordance with the Foreign Exchange Management (Deposit) Regulations, 2016.</p> <p>Further, for an FPI or FVCI, amount of consideration may be paid out of their SNRR account for trading in units of Investment Vehicle listed or to be listed (primary issuance) on the stock exchanges in India.</p> <p>B. Remittance of sale/ maturity proceeds:</p> <p>The sale/ maturity proceeds (net of taxes) of the units may be remitted outside India or may be credited to the NRE or FCNR(B) or SNRR account, as applicable of the person concerned.</p>
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(Ajay Kumar Misra)
 Chief General Manager-in-Charge

Foot Note

The Foreign Exchange Management (Mode of Payment and Reporting of Non-Debt Instruments) Regulations, 2019, ([Notification No. FEMA 395/2019-RB dated October 17, 2019](#)) was published in the Official Gazette vide G.S.R.No.795(E) dated 17.10.2019.